

IS WASHINGTON NOW A CITY OF HOPE?

By Edwin J. Feulner, Jr.

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He is the author of a monograph entitled Congress and the New International Order, editor of the anthology China - The Turning Point, co-author of Trading with the Communists, and a contributor to nine other books and numerous journals, reviews and magazines. He is the Publisher of Policy Review, a Contributing Editor of The Intercollegiate Review, and scholarly articles by him have appeared in the Southern Economic Journal, Euromoney and Il Politico. Feature articles by Mr. Feulner have appeared in the Chicago Tribune, San Diego Union, Los Angeles Times, Richmond News Leader, and many other major metropolitan newspapers. His weekly syndicated column has won a Freedoms Foundation Award and appears in more than 500 newspapers.

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Mr. Feulner delivered this presentation at Hillsdale during the Center for Constructive Alternatives seminar, "Washington's New Leadership: Will It Make a Difference?"

Whenever a speaker asks a question in the title of a



lecture or an article, the listener or reader may assume that the answer will be "yes"—otherwise he wouldn't have asked the question. I suppose my answer tonight would have to be "yes, but...."

"Yes, but..." to some extent at least, we conservatives will be disappointed. Former Senator James Buckley wrote a book in 1975 entitled *If Men Were Angels*. Unfortunately, most men are not angels and most politicians certainly are not. Therefore, we cannot assume that because there has been a sea change in the political scene, that Washington will be a city of hope, that as conservatives we will have all of our proposals implemented, or even that things will necessarily be going our way in the months and years ahead.

Why then is Washington now a city of hope? Not just because of what happened on November 4. More importantly because, as in the title of Richard Weaver's

im•pri•mis (im-pri-mis) adv. In the first place. Middle English, from Latin *in primis*, among the first (things).

IMPRIMIS is the journal from The Center for Constructive Alternatives. As an exposition of ideas and first principles, it offers alternative solutions to the problems of our time. A subscription is free on request.

book *Ideas Have Consequences*, John Maynard Keynes' quotation is appropriate: "Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist."

Professor F. A. Hayek said it another way: "The ideas which are changing our civilization respect no boundaries." Professor Hayek recently told me that the two most recent requests for translations of *The Road to Serfdom*, his seminal work published in 1944 (c. U. of Chicago 1944), had come from the underground in Poland and the Soviet Union.

Milton Friedman recently returned from Mainland China, where his book *Free To Choose* is now being translated into Chinese. (Regrettably for the authors, these editions will not respect the international copyright convention—no royalties—but they clearly show the power of ideas.)

Comprehend the enormity of this—Hayek being translated into Russian and circulated through the underground and Friedman being translated by a quasi-governmental entity in Mainland China. Changes like this are mindboggling.

Leopold Tyrmand reaffirmed the significance of ideas in his excellent article in *The Wall Street Journal* on Inauguration Day, when he referred to a long-time friend of Hillsdale College—the late Professor Ludwig von Mises—as one of those seminal thinkers who influenced President Reagan.

With the recognition that ideas do have consequences, the question arises as to how ideas make their way into the Washington political process. Dr. Rhodes Boyson, a British Member of Parliament who has been on the Hillsdale campus on several occasions, summarized the process best in a very important issue of your own publication, *Imprimis*, in 1977. Dr. Boyson identified the six factors responsible for the genesis of an idea and its development through the political process.

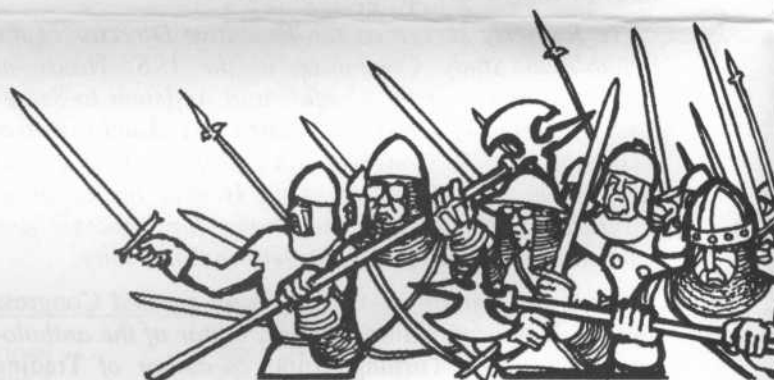
1. Seminal thinkers—the Hayeks, the Friedmans, the Karl Poppers, the Richard Weavers. The thinkers who today, by and large, are at universities or at one of the major think tanks.

2. Popularizers—the serious journalists, the organizations like my own, The Heritage Foundation, the publications like *Imprimis*, and the organizations like the CCA and the forum it provides for discourse on these important subjects. The popularizers or "the second-hand dealers in ideas" are critically important.

3. Pressure groups—the trade associations, the lobbies, the Moral Majorities, and the political action committees. Recent boycotts, tax revolts, and the results of last November's election—all attest to the growing influence of pressure groups and their ability to translate "popularized" ideas into political action.

4. Political parties and politicians—the political actors who can be galvanized into action by the pressure groups.

5. Accidents—history has been said to be largely the story of some men being in the right place at the right time, and of other men being in the right place at the wrong time. Former President Carter was a prime example. Because of its dealings with foreign nations and its handling of domestic policy issues, the Carter Administration was generally perceived as being incompetent. Mr. Carter's political fortunes were severely damaged by the inopportune timing of the Iranian



revolution. The Administration's general incompetence and the "accident" of Iran led many Americans to believe that there had to be a change; we just couldn't afford "business as usual" any longer.

6. Implementation—we saw this change in attitude expressed in the election results in November, and will now see some of these evolving ideas translated into actual policy. The voters asked for a change in November. I believe they wanted a radical conservative change.

But the obstacles which must be surmounted before an idea is finally incorporated into law in this final stage are often greater than the initial difficulties inherent in refining a concept and gaining public acceptance of it. A recent battle within the foreign-aid bureaucracy illustrates what can happen when one such proposed, radical change threatens bureaucratic turf.

President Reagan during the campaign expressed support for a streamlining of our foreign aid programs. During the transition, I headed the foreign assistance task force which sent 10 people into the agencies involved shortly after the election. We sat in a suite in the Agency for International Development bureaucracy and tried to ensure that officials did not commit the new administration to policies it wouldn't endorse. We

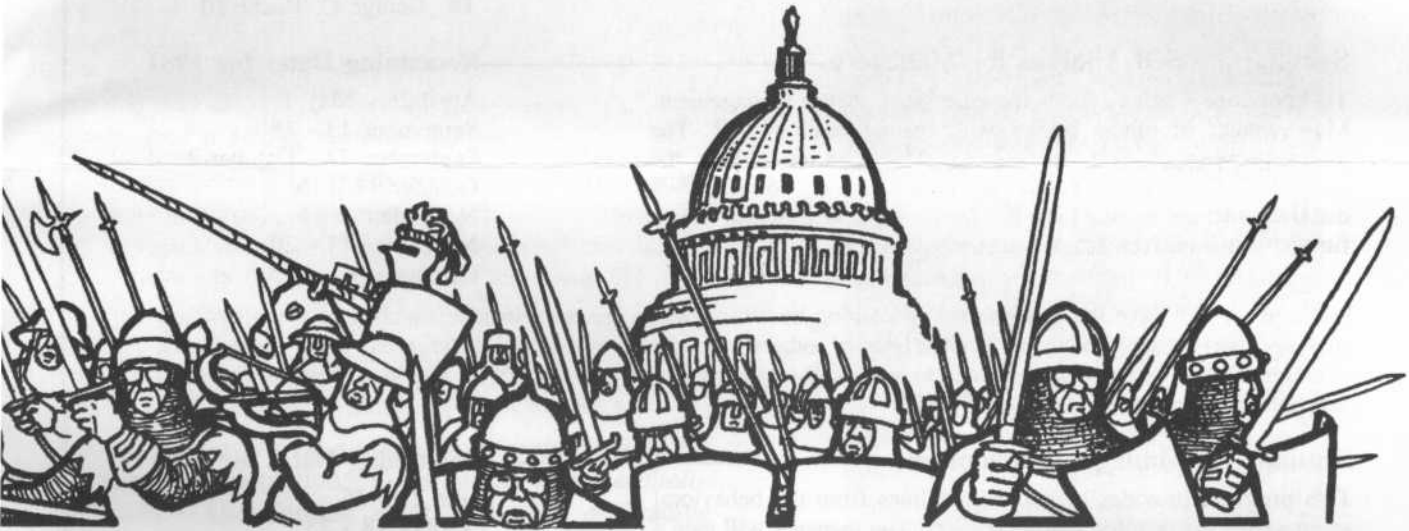
also tried to keep the incumbents from taking political appointees and rolling them into career status in the civil service.

In the meantime, our task force prepared reports for the new administration, recommending a change in direction with respect to foreign aid. One of the first things we decided was that a new bureaucracy called IDCA had to go. (If you have never heard of IDCA, don't feel bad. I had lived in Washington for 15 years but hadn't heard of it until I went in and met its director.)

IDCA is the International Development and Coopera-

thought the elimination of IDCA would be a good symbol, especially if we could get rid of it before January 20, 1981.

But IDCA director Tom Ehrlich told us to give his agency a chance to prove itself. So we asked him what it had accomplished in its first two years. Other than the formation of a staff, the only achievement which Ehrlich could cite was the agency's successful fight against a move to banish it to Haines Point (a site about three miles from the State Department and hence considered a bad location from the bureaucratic point of view).



tion Agency, and it is a living, bureaucratic tribute to the late Senator Hubert Humphrey. The Humphrey idea was to gather all governmental foreign aid programs under one umbrella and place it under the direction of a high-level appointee, who would have direct access to the President, and who could coordinate all of our foreign aid activity. That was the theory in 1975 before Senator Humphrey died. It didn't quite work out that way.

Shortly after IDCA's creation, the International Monetary Fund, the World Bank, the International Development Agency, and the three regional development banks, were all removed from IDCA's jurisdiction by the Treasury Department, which did not want to give up jurisdiction over them. (Remember that one of the reasons for creating this new layer of bureaucracy was to bring together these separate agencies with all the other elements of foreign aid.) IDCA ended up supervising three agencies, including the Agency for International Development.

We recommended that AID be returned to the State Department and that IDCA as a separate entity be abolished. The latter seemed an easy task, since IDCA has an annual budget of only \$5 million and about 50 professional employees. We on the transition team

We listened to Mr. Ehrlich, but didn't go along with his ideas. So we asked the general counsel of AID to draft a memo on how to eliminate IDCA. He was a logical person to ask, because AID does not like IDCA since it removed AID's direct access to higher level people. (This is the process known as using the creative tension within government to fight against itself.)

We then started talking with some friends on Capitol Hill, primarily Senator Jake Garn (R-Utah) on the Appropriations Committee, whom we hoped would introduce an amendment to cut off funds for IDCA as of April, 1981.

Hope was springing eternal. The word got out—and within 48 hours Secretary of State Alexander Haig had a letter from the Democratic chairman of the House Foreign Affairs Committee, protesting the elimination of IDCA. Several senior Democrats in the Senate received phone calls from Mr. Carter asking them to please save IDCA. Other pressures were applied, and our task force beat a hasty retreat from the legislative arena.

Our substitute strategy was outlined in the memo from the general counsel of AID. It told us how to eliminate IDCA, partly by reorganization and partly by legislation. Within two days, that memo was in the

hands of the general counsel of IDCA, who had a vested interest in seeing that his organization stayed around. (Remember, this was a Presidential appointee who knew he would be leaving in five weeks. But it is an ignominious end to one's government career to see his agency dismantled. Who wants to say he served as the general counsel for an agency that no longer exists and to be too embarrassed to hang his Presidential commission on the office wall?)

Instead of arguing directly with the AID general counsel, the IDCA general counsel wrote the Assistant Attorney General of the United States to say that AID's general counsel had fought unfairly—he had supplied the transition team with a memo on how another agency could be abolished, and, in effect, had trespassed on IDCA's turf. The AID general counsel's response to the Assistant Attorney General of the United States will go down as a Washington classic. Let me quote one paragraph from that letter:

Dear Mr. Harmon:

Imagine but for Jonathan Mark's letter to you of January 8, I might have finished out my tour here on January 20 without once more having to address the relationship between AID and IDCA. Indeed, I might have gone to the end of my days without such an opportunity. After more than 15 years in Washington, at different times of my life, I have observed a phenomenon of unnatural selection whereby normal and reasonably bright people learn in successive stages to focus their energies on matters that become increasingly less and less relevant to normal concerns of folks outside of Washington. It is a transmutation resulting in what might be termed "intellectual pigification." Doubtlessly the cathartic effect of quadrennial elections relieve some of the pressures. I would certainly hope my own departure from the official scene will be a not totally insignificant contribution.

He went on to defend the action of providing us with the memo. But I think that one paragraph correctly describes a lot of what is wrong in Washington.

Back to IDCA. Garn did not introduce the amendment, so before our final report was submitted on December 22 we were already controversial, because we tried to remove this *one tiny piece* of overwhelming Federal bureaucracy. Holmes was right—it truly is remarkable how perverse and distorted things become when viewed from Washington.

These are the kinds of problems conservatives are up against in Washington. This incident shows why ideas that made their way through the first five stages can be stymied in the sixth. Ideas can also be stolen and perverted through the political process. If that happens, a concept originally advocated by conservatives might be turned inside out and conservatives might end up having to oppose the concept.

An idea we have been pushing at The Heritage Foundation is that of "enterprise zones." It is based on the premise that inner-cities can be revitalized by creating within them havens from *both* government taxation and regulation. Take an area of, say, one square mile of the South Bronx. Remove government subsidies, but at the same time remove government constraints from it—remove the minimum wage law, remove OSHA regulations, remove burdensome taxation and regulations.

When Heritage first introduced that idea to the United States about two and a half years ago, one of the first people to become enthusiastic about it was Representative Jack Kemp (R-New York). Jack is not only a captivating and articulate speaker for conservative beliefs, but also a practical politician. But one of the first things he decided was that if "enterprise zones" legislation was to go anywhere, it would need more than a conservative Republican as a prime sponsor. He also needed a liberal Democrat. Kemp enlisted Representative Bob Garcia, who fit the description perfectly. He is a liberal Democrat from the South Bronx.

But by the time Kemp enlisted Garcia's support for his bill, they had eliminated the deregulation part of the bill. Instead of what we originally called "enterprise zones," what was finally introduced more appropriately could be called "subsidy islands." The concept had been changed to emphasize tax incentives for businesses to move into these areas. Some key staff aides are now working with Kemp and Garcia to see if they can put a little substance back into that bill to make it meet its original objectives. We must guard against this kind of perversion of some basically sound conservative ideas.

Another problem is the normal process of bureaucratic co-option:

- Candidate Ronald Reagan says: Abolish the Department of Energy; The Heritage Foundation *Man-date for Leadership* study outlines three easy steps to abolishing the Department;

- So President Reagan says abolish the Department of Energy;

- But Energy Secretary James Edwards says, we aren't really going to abolish the Department of Energy—we're going to reorganize it.

I don't believe watering down the options is what the voters on November 4 were telling us to do. Unfortunately, in some respects, diluted seems to be what the results are becoming. And here we have lost sight of the objective—to eliminate the Department of Energy because it was an extra layer of bureaucracy that is expensive, unproductive and unnecessary.

But the rationalization put forth for preserving this department reminds one of a dictum attributed to Paul



Anderson, who said, "I have yet to see any problem, however complicated, which when looked at the right way, could not become still more complicated." The outcome could be different, however, if *everyone* were asked to sacrifice some of the goodies which help him. As Professor Martin Feldstein has pointed out, it is absurd for his daughter's school lunch to be subsidized by the federal government. Similarly, if we all become less protective of those programs which help us directly, but whose need is questionable in this time of severe economic dislocation, we can eliminate some federal goodies for the common benefit. In other words, if everyone's approval is secured—if we are all asked to sacrifice—we can get the federal budget under control.

Conservatives *do* have a grasp of positive marketing, and, as conservatives, we should overcome the impression that we are always negative. We can do this by promoting "enterprise zones" and other positive initiatives, but should acknowledge that conservatism in the political realm is inherently and necessarily negative. It is "negative" because as conservatives we do not receive satisfaction or fulfillment from the political process. Instead, we look for it within the individual and within the substructures of society.

Conservative legislation is not a series of panaceas to "solve" or "cure" big problems. Rather, our bills tend to cut, to decrease, to roll back—not to come up with dramatic new solutions to the problems of the day. The positive side of our approach, however, is that it protects the liberty of the individual from too much government. It gives the individual more opportunity for free choice—to make his own decisions and not to have them made by the state. The conservative advocates pluralism—to enforce competition where there is monopoly; to encourage alternatives where there is conformity; to achieve choice where there isn't any.

One of the big challenges of conservatives will be to project more positive ideas, more positive alternatives in a radical way. As conservatives, we have to be radical. One of the reasons for this is because things changed on November 4. Conservatives no longer have the luxury of fighting a guerilla war. We are now the Establishment. Rightly or wrongly, despite the fact that the House of Representatives is still in the hands of the Democrats, we are *perceived* as "being in charge." Whether we win or lose, we are going to be praised or blamed. Therefore, over the next four years we have to refine our conservative ideas, reach out to all sectors of society, and vigorously promote radical changes.

In view of this rather gloomy picture, you might ask why I am still hopeful. I'll cite several reasons for optimism: (1) In the realm of ideas, the national news media are taking conservative ideas seriously, as they never have before. For example, *The New Republic* recently noted the rise of conservative intellectuals and said that what the liberals need is their own version of a

Heritage Foundation. Our ideas are being taken seriously, and ideas do matter.

(2) There are people in the new government like David Stockman. Stockman was a radical in the 1960s and Stockman knows how to fight. He will not be satisfied with "business as usual." Other appointees at the secondary level have come up through the ranks of conservative thinkers and were activists in the '60s and '70s, when the conservatives were badly outnumbered on the college campuses and when it wasn't at all chic to be a conservative. We conservatives have had to argue against the liberal orthodoxy. Our arguments are sharper, our positions more rigorous. Now, with many of our people in the government's policymaking positions, we can make a real difference.

(3) As never before, conservatives are in a position to scrutinize the White House at close range. Heritage's *Mandate for Leadership* volume has 600 specific recommendations. It is a measuring rod for the new administration's performance. (This is not to imply that the conservatives will ever get 100 percent of what we want. It would be unrealistic to believe that through the political process we ever would get all that we want.) Organizations like the CCA at Hillsdale and others should raise the standard to which the politicians are expected to repair.

(4) Another reason to be optimistic is the President himself. He has all the right instincts, both in public and in private meetings. President Reagan is not the type to worry about the schedule for using the White House tennis courts (as President Carter did at the start of his term), the temperature of water in federal employees' restrooms, or what is going on in the bowels of IDCA or somewhere else—but he is the ideal person to use the Presidency as, in the words of Theodore Roosevelt, a "bully pulpit."

(5) The new conservative members of the Senate and the House can effect exciting changes. Organizations like Heritage can continually remind the Congress that neutrality in terms of public policy does not necessarily mean doing things the way they are being done now. There's going to be some changes made. The American people did not want more "business as usual."

If these factors can collaborate to extend the Presidential "honeymoon" beyond its usual 100-day duration, what we might have is a "continuous honeymoon"—where as positive initiatives are taken, as decisions are made, a perception that things are going to change gains momentum among the people. They will see that there are some people in Washington who are trying to make government not only more responsive to the people, but also a lot less intrusive. The American people can better decide for themselves how to spend their own money than can the government.

If the new administration manages to keep the honeymoon continuing long enough, it might be able to keep

the vested interests at bay until some major changes can be implemented.

That is why I am optimistic, and why I believe Washington will be a city of hope.

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